

## REPORTS ANALYSIS DIVISION REFERRAL

TO

OFFICE OF GENERAL COUNSEL

DATE: July 11, 2012

ANALYST: Bradley Matheson

- I. COMMITTEE: Committee to Re-Elect Loretta Sanchez  
C00326264  
Katharine Meyer Borst (6/19/12-present)  
Bruce Cannady (9/23/2011 – 6/18/12)  
Kinde Durkee, Treasurer (12/31/96 - 9/22/11)  
P.O. Box 6037  
Santa Ana, CA 92706
- II. RELEVANT STATUTE: 2 U.S.C. § 432(b) and (c)  
2 U.S.C. § 434(b)  
11 CFR § 102.9  
11 CFR § 102.15  
11 CFR § 104.3
- III. BACKGROUND:

**Other Violations of the Federal Election Campaign Act (Unauthorized Use of Campaign Funds)**

Committee to Re-Elect Loretta Sanchez (“the Committee”) filed its 2011 October Quarterly Report to disclose unauthorized disbursements of \$125,000.00 (Attachment 2).

On September 28, 2011, Lyn Utrecht, the Committee’s counsel, met with the Office of General Counsel (OGC) and the Reports Analysis Division (RAD) to discuss the unauthorized use of Committee funds by former treasurer, Kinde Durkee. Among other issues, Ms. Utrecht mentioned the Committee would not be able to report an accurate cash-on-hand balance for the 2011 October Quarterly Report. RAD Management advised Ms. Utrecht that the Committee should file the 2011 October Quarterly Report with an additional explanation of the Committee’s situation and statement that an amendment would be filed to correct the cash-on-hand balance once the Committee received the necessary information. RAD Management explained that the Committee should amend the 2011 October Quarterly Report with a one-time cash

adjustment and discussed the acceptable methods. RAD Management encouraged the Committee to make an adjustment as soon as it had more information and to file future amendments if further adjustments were necessary. RAD Management stated that with each cash adjustment, the Committee should include a detailed explanation of any previously omitted activity (Attachment 3).

On the October 15, 2011, the Committee filed the 2011 October Quarterly Report covering the period from July 1, 2011 through September 30, 2011. The report disclosed a \$125,000.00 cash-on-hand adjustment on Schedule B, supporting Line 21 (Other Disbursements) of the Detailed Summary Page with a notation of "Adjustment for Embezzled Funds" (Image 11952652495). The report also included memo text, which stated:

"Toward the end of the reporting period, the Committee discovered that the former treasurer embezzled funds from the Committee. The Committee has since been in the process of obtaining all available records in order to determine the extent of the embezzlement, but has not had sufficient time to perform a full reconciliation. Thus the Committee's report presumably contains a cash on hand figure that is not accurate. The Committee will amend this report once the correct amount may be calculated" (Image 11952652355).

On May 8, 2012, the RAD Analyst left a message for Bruce Cannady, Committee treasurer, to notify him that the issue of unauthorized disbursements may be referred for further action (Attachment 3).

On May 9, 2012, the RAD Analyst contacted Diane Evans, the Committee's designated agent, to notify her that that the issue of unauthorized disbursements may be referred for further action. The Analyst explained the Committee had the opportunity to provide further information for the public record (Attachment 3).

To date, no further communications have been received from the Committee regarding these matters.